



Perception of entrepreneurial opportunity: a general framework

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entrepreneurial
opportunity

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Abstract

Purpose – Previous research has predominantly approached the concept of entrepreneurial opportunities from either one of two perspectives: opportunities exist as objective phenomena in the environment waiting to be discovered by alert entrepreneurs, or opportunities are subjectively perceived and even created by individual entrepreneurs. This paper aims to put forward a framework of opportunity perception which demonstrates that all entrepreneurial opportunities possess both objective and subjective qualities, thus helping reconcile both perspectives.

Design/methodology/approach – A conceptual framework is developed, based on previous literature and insights from entrepreneurship, economics, psychology and related disciplines.

Findings – Various perspectives presented in previous research can be combined into a coherent framework that summarizes the components of entrepreneurial opportunity perception. Testable propositions are provided for future research.

Originality/value – The authors show that elements of both subjective perception and objective market conditions contribute to recognized entrepreneurial opportunities. Also, they show that while the perception and pursuit of opportunity is fundamentally idiosyncratic to each entrepreneur, the success of an entrepreneurial endeavor is constrained by the objective conditions of opportunity.

Keywords Entrepreneurship, Opportunity recognition, Austrian economics, Entrepreneurialism, Economics

Paper type Conceptual paper

1. Introduction

The perception of and pursuit of opportunity have recently become a central focus of research as the core activities of entrepreneurs (Gaglio, 1997; Hsieh *et al.*, 2007; McMullen and Shepherd, 2006; Murphy, 2011; Shane and Venkataraman, 2000; Venkataraman, 1997). Entrepreneurs are distinguished by their ability to perceive and exploit opportunities overlooked by others (Kirzner, 1973, 1985; Schumpeter, 1942). Venkataraman (1997) reasoned that entrepreneurship as a scholarly field seeks to understand:

- why, when, and how opportunities for the creation of “future” goods and services arise in the economy; and
- why, when, and how some are able to discover and exploit those opportunities while others cannot or do not.

This article focuses on these questions and presents a framework of opportunity perception that builds on the conceptual foundations laid by Schumpeter (1942), Kirzner (1973, 1997), Shaver and Scott(1991), Venkataraman (1997), Shane and

